

Committee: **Audit Committee**

Date of meeting: **27<sup>th</sup> April 2021**

Report Subject: **Audit Plan Outturn 2020-21**

Portfolio Holder: **Cllr. Nigel Daniels, Leader / Executive Member Corporate Services**

Report Submitted by: **Rhian Hayden – Chief Officer Resources**

Report Written by: **Andrea Owen – Professional Lead – Internal Audit.**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
virtual	15/04/2021		27/04/2021					

### 1. Purpose of the Report

- 1.1 The purpose of the report is to update the Audit Committee on the overall outturn position of the Audit Plan for the financial year 2020-21.

### 2. Scope and Background

- 2.1 The report highlights the work undertaken by the Internal Audit Service and complies with the Public Sector Internal Audit Standards (PSIAS).
- 2.2 The 9-month Internal Audit Plan for the financial year is based upon Risk Assessments completed for 2019/20 with appropriate updates from senior management following the impact of the response to the Covid-19 pandemic. Risk Assessments were undertaken on all applicable audit areas which created a rank order for prioritising audit work within each directorate.
- 2.3 The planned audit work has been supplemented with additional assurance work undertaken in respect of emerging risks during the financial year, such as those caused by the Covid -19 pandemic.
- 2.4 The Audit Plan for the period 2020-21 was considered and agreed by the Audit Committee in February 2021.
- 2.5 Progress against the Audit Plan has been reported to the Audit Committee and this report provides a summary of the overall achievement for the year.

### 3. Option for Recommendation

- 3.1 The Audit Committee considers the report and the appendices, and notes the level of audit coverage in each service area, the plan outturn for the financial year and the performance of the Internal Audit Service for the financial year 2020/21.

4. **Evidence of how does this topic support the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 In line with the Corporate Plan Priority of being an efficient Council, presentation of the Internal Audit output for the financial year demonstrates the breadth and depth of the audit coverage of the Council's systems and internal controls. In doing this it also enables the Chief Officer – Resources to satisfy her statutory duties under Section 151 of the Local Government Act (1972) in providing an effective Internal Audit Service.

4.2 The Audit Committee, in their role as those responsible for governance, and in compliance with the PSIAS, have a responsibility to oversee the performance of the Internal Audit function including receiving a summary of the work upon which the Audit and Risk Manager will base her annual audit opinion.

5. **Implications Against Each Option**

5.1 Impact on Budget

There are no direct financial implications resulting from this report.

5.2 Risk including Mitigating Actions

The report demonstrates the breadth and depth of audit coverage to provide assurance that key areas of concern and areas deemed to have the highest risk priority are being examined during the financial year. Failure to cover sufficient audit areas exposes the Authority to the risk that weaknesses within specific systems in the Authority's internal control environment are not being identified, resulting in increased financial or reputational damage. This is mitigated by regular review of progress and reprioritisation as appropriate.

5.3 Legal

The Section 151 Officer has a statutory responsibility under the Local Government Act (1972) to ensure the provision of an adequate Internal Audit Service. This is achieved in part by ensuring the audit service provide sufficient coverage of the Authority's internal Control environment, as demonstrated in the audit plan outturn.

5.4 Human Resources

The section currently has a complement of six full time posts. This includes a new appointment to an Apprentice post since September 2020 via the Aspire Scheme.

The section's sickness during 2020/21 is an average of 6.67 days per person against a departmental target of 6 days per person. This was due to a long term sickness absence which ended in February 2021.

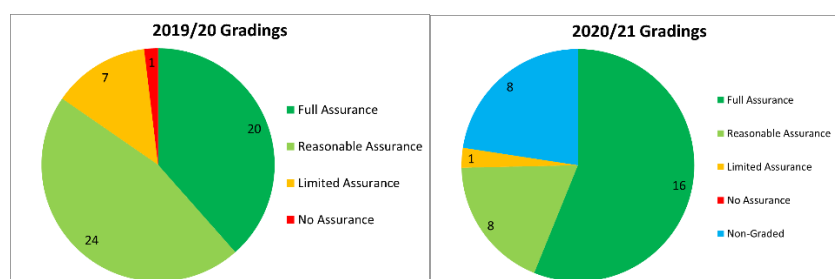
6. **Supporting Evidence**

6.1 Performance Information and Data

Appendix A shows all audits undertaken during the financial year and their status as at 31<sup>st</sup> March 2021 including their actual or provisional grading (where

applicable). Where a provisional grading has been issued the report has not been cleared by the service area and could be subject to change. Performance data for the section for the period to 31<sup>st</sup> March 2021 is presented at Appendix B.

- 6.1.1 Results of the audits undertaken during the year have shown improvement, with an increase in Full Assurance grading's and a reduction in Limited Assurance grading's, as illustrated in the pie charts below. There were 33 audits issued for 2020/21. In addition to the audits issued, there are 9 audits currently ongoing, or deferred during the year, as a result of the Covid -19 pandemic. This was due to only critical services operating for a period during the year and audit staff were redeployed to assist with the pandemic response efforts. The Covid-19 pandemic impacted the audit section's capacity to complete audit work, and therefore the Audit Plan for 2020/21 was based on 9 months of the year from July 2020 to March 2021.



## 6.2 ***Expected outcome for the public***

An effective Audit Committee will assist with the stewardship of public money providing assurance to the communities of Blaenau Gwent on the robustness of the Authority's internal control.

## 6.3 ***Involvement (consultation, engagement, participation)***

Prior engagement has been undertaken with Heads of Services when determining the risk assessments for the audit plan.

## 6.4 ***Thinking for the Long term (forward planning)***

The work of Internal Audit is intended to provide advice and guidance on system improvements resulting in an improved control environment for the future of the Authority.

## 6.5 ***Preventative focus***

Internal Audit provides a cost effective and professional Audit review of the Authority's internal control environment with the aim of minimising the risk of loss from error, fraud, or irregularities.

## 6.6 ***Collaboration / partnership working***

*There are no collaboration / partnership working arrangements arising from this report.*

6.7 ***Integration (across service areas)***

The audit plan is developed with a view to providing assurance on the whole of the Authority's control environment. Audit assignments are conducted for a range of activities across all directorates in order for the Audit and Risk Manager to provide an annual audit opinion that an adequate internal audit service has been provided.

6.8 ***EgIA***

No impact assessment is required for this report.

7. **Monitoring Arrangements**

7.1 The levels of audit coverage and the grading's of individual audits will inform the annual opinion of the Audit and Risk Manager and supports the Audit Committee in fulfilling its assurance role to the citizens of Blaenau Gwent.

7.2 Performance data for the Section is attached as appendices with this report.

**Background Documents /Electronic Links**

- Appendix A – Audit Plan Outturn 2020/21
- Appendix B – Performance Indicators 2020/21